

Propane Education & Research Council Meeting
November 10, 2020
Conference Call
MINUTES

Chairman Daniel Dixon called the meeting to order at 10:02 a.m. ET on Tuesday, Nov. 10. He welcomed Council members in attendance via video conference call and noted the presence of a quorum.

Mr. Dixon, AmeriGas (Florence, AL) - Chairman
Kasib Abdullah, BP (Houston, TX)
Dave Bertelsen, Matheson Gas (Hamilton, OH)
Nicholas Calabretti, Energy Transfer (Newtown Square, PA)
Kevin Cobb, Suburban Propane Partners LP (Eagle, ID)
Casey Cramton, Dead River Co. (South Portland, ME) – Vice Chairman, Marketers
Chris DeFilippo, Superior Plus Energy (Wayne, PA)
Michael Dickinson, Williams (Tulsa, OK)
Mark Donahue, MarkWest Energy (Denver, CO)
Randy Doyle (Edinburg VA)
Gary France, France Propane Service (Schofield, WI.)
Jay Furman, Enable Midstream Services (Houston, TX)
Jeff Kerns, ThompsonGas (Frederick, MD) – Treasurer
Bruce Leonard, Targa (Houston, TX) — Vice Chairman, Producers
Duncan McGinnis, Aux Sable (Morris, IL)
Chris Nevils, DCP Midstream (Houston, TX)
Dan Richardson, Conger LP Gas (Tifton, GA)
Mark Sutton (Wagoner, OK)
Stuart Weidie, Blossman Gas (Swannanoa, NC) – Secretary
Brian Wilkin, Enterprise Products Operating Co. (Houston, TX)
Leslie Woodward, Fairview USA (Wheatfield, NY)

Chairman's Report

Mr. Dixon gave brief comments about the progress on work being done in conjunction with the National Propane Gas Association to combat efforts to demonize all fossil fuels in favor of electricity. He announced the appointment of Dave Rich from Growmark to the Advisory Committee. He also noted recent improvements to the council website that have made it easier for councilors, customers and state executives to access information and resources from all market segments.

Executive Committee: Mr. Dixon reported that the Executive Committee met since the last Council meeting to review updates on the Environmental Thought Leadership campaign; onboarding plans for Erin Hatcher, senior vice president of communications and marketing; the 2021 partnership agreement between PERC and NPGA; plans for builder incentives; state rebate spending; updates to the Certified Employee Training Program; the Cummins engine project; and logistics regarding the February 2021 Council meeting.

Upon a motion duly made and seconded, Council approved the minutes of its August 2020 meeting.

Treasurer's Report

Jeff Kerns reviewed the council's financial statements, noting that assessments are ahead of budget and that the Covid-19 pandemic has had little impact on the bottom line to date.

Environmental Task Force Report

Stuart Weidie reported that the task force is working on a plan to generate a unifying and universal theme and message that the industry can use in a campaign to defend propane against the "electrify everything" movement. He said the group has decided to reject the position taken by the World LP Gas Association to surrender a role for all fossil fuels in Europe in the push to reduce carbon emissions. Its efforts will instead focus on the moral-based position that fair and equitable access to energy is a basic human right, unlike unaffordable idealistic solutions under consideration. He noted that renewable propane can serve a role in the plan, but is not seen as the ultimate answer for the U.S. market. The Near Zero campaign messages will target propane marketers, consumers, regulators and influencers. Working with NPGA and other association partners, the task force aims to have its plan concluded by Jan. 31, 2021.

Chief Executive Officer's Report

PERC President and CEO Tucker Perkins talked about the changes that the Covid-19 pandemic have had on the organization both individually and corporately. Its prolonged duration has changed the dialog about propane around health and safety considerations and forced PERC to reassess priorities and processes in serving the industry. As a result, he said the organization is now more data driven and displaying better teamwork in producing and measuring progress toward strategic plan goals.

Mr. Perkins reported progress with Cummins to bring its 6.7L propane engine to market. A funding request for the next phase of the project has been prepared and will be published for public comment, as required by law, prior to being brought to the Advisory Committee for review in mid-December.

Business Development Report

Senior Vice President of Business Development Cinch Munson discussed the role propane can play in the market's growing interest in technologies that provide cleaner, more reliable energy options across all segments. He noted that reality is reflected in the increasing number of project proposals PERC is evaluating for investment. He also pointed to the creation of new docket to seek opportunities to collaborate as a cost-share partner on technologies that the U.S. Dept. of Energy and other federal agencies are investing in.

Upon motions duly made and seconded, Council approved:

- Docket 22712: Emerging Technologies Research Investment - \$1,000,000
- Docket 22665: Micro-Combined Cooling, Heat & Power - \$700,000
- Docket 22570: BRASH Engines Micro-CHP Project Demonstration - \$64,000
- Docket 22560: EPA Propane Certification for Aisin 1.5kW CHP System - \$60,000
- Docket 22618: Ford 7.3L V8 LPG Industrial Engine - \$104,160
- Docket 22623: Ford 3.5L V6 on LPG - \$173,723
- Docket 22726: Propane Carbon Emissions Reduction Program for Builders - \$1,250,000

Advisory Committee Report

Advisory Committee Steering Committee Chairman Kenton Sonnenburg reported that the Advisory Committee met via video conference Oct. 7-8 and held a breakout session on operational efficiency and innovation as identified in the strategic plan. The three working groups met individually to discuss and advise on strategic priorities and current funding requests. Project teams have been created in each working group and will meet on a regular basis before reporting back to the working groups and the Steering Committee as requested. The teams include multiple safety-related teams, agriculture outreach, residential construction, commercial outreach, autogas development and outreach, CHP development, environmental campaign and outreach, industry engagement and campaign analytics.

Administration and Finance Report

Michael Eason, senior vice-president of administration and finance, provided the final 2021 budget proposal based on projected assessment collections of \$41.95 million. The budget includes \$35,450,000 in total expenditures with \$8,390,000 for state rebates. Upon a motion duly made and seconded, Council approved the budget.

Upon a motion duly made and seconded, Council approved Docket 22750: 2020 Sales Report - \$145,500.

Industry Relations Report

Senior Vice President of Industry Relations Bridget Kidd updated the council on several initiatives to help marketers address questions about propane's impact on the environment. In addition to a new online course in the Learning Center, PERC has hosted three webinars with state associations and the Advisory Committee Market Growth and Commercialization working group. The sessions focused on four key messages and how marketers can use them to become better grassroots advocates with customers and in their communities. Also underway is an effort to create a grassroots network of social influencers in each state to provide regional outreach and activism on environmental issues. The group will be called the Clean Energy Squad.

She also reported that the Technical School Grant Program closed its first round of applications on Oct. 1 with 38 applications received. Grants were awarded to 27 schools – 12 for \$5,000 and 15 for \$10,000. A second round of applications will be accepted from Nov. 1 through Dec. 31 with awards being made in January.

NPGA Report

NPGA President and CEO Steve Kaminski offered comments on the challenges surrounding the outcome of the presidential election and the upcoming Congressional runoff election in Georgia on Jan. 5. He noted ongoing work to rate all 50 states regarding legislative policy atmosphere around decarbonization, and plans to work in coalitions to fight gas ban initiatives.

GPA Midstream Report

GPA Midstream President and CEO Joel Moxley reported on recent mergers of producer companies to shore up balance sheets due to low stock values. He expects to see similar activity in the midstream market into 2021. He said investors are pressing companies for plans to address the energy transition given their heavy investment in existing assets. Overall, the industry is facing headwinds from both the financial community and government, with plans for the President-elect Joe Biden administration to invest in new energy adding additional challenges.

Communications Report

Senior Vice President of Communications and Marketing Erin Hatcher reported that she is reassessing overall strategy and planning process for docketing outreach campaigns in each market segment. She plans to provide council a more cohesive plan under a single docket at its February meeting. She also provided updates on PERC's integrated outreach efforts, noting recent emphasis on environmental messaging encompasses both the Propane Can Do That® campaign using the Clean American Energy brand in market segments as well as the Thought Leadership initiative. Campaign performance to date indicates that outdoor living messages are driving the bulk of traffic to the PERC website – mostly by women and via mobile device. The emotional appeal of the safety and cooking messages are being enhanced for emotional appeal through the use of celebrity chefs Bryan and Michael Voltaggio.

Safety & Training Report

Vice President of Safety, Education and Compliance Eric Kuster reported on the successful transition to a new Learning Center platform on Oct. 26. The upgraded system offers several enhancements in user experience, record keeping and skills assessment. About 1,300 user logins were recorded in the first two weeks following the launch.

Upon motions duly made and seconded, Council approved:

- Docket 22718: CETP Modularization Project Phase 2 - \$1,300,000

- Docket 22721: Propane Emergencies Training and Certification Program - \$580,000

Industry and Public Comments

There were no public comments.

Old Business

Bruce Leonard offered comments on the industry's resiliency in the face of the national health crisis, noting that the stock market, production and export numbers all offer cause for optimism.

New Business

There was no new business.

The next Council meeting is scheduled for Feb. 3 in Palm Springs, CA.

By unanimous consent, Council adjourned at 3:03 p.m. ET.